

Under the Service Occupation Tax Act, servicemen are taxed on tangible personal property transferred incident to sales of service. See 86 Ill. Adm. Code 140.101 (This is a GIL).

April 20, 2001

Dear Xxxxx:

This letter is in response to your letter dated April 11, 2001. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be found on the Department's website at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

May AAA use tax exemption identification number ####.

We will be doing printing for BBB but billing CCC

Retailers' Occupation Tax and Use Tax do not apply to receipts from sales of personal services. Under the Service Occupation Tax Act, servicemen are taxed on tangible personal property transferred incident to sales of service. For your general information we are enclosing a copy of 86 Ill. Adm. Code 140.101 regarding sales of service and Service Occupation Tax.

During our phone conversation on April 11, 2001, you described a situation in which your company will be doing printing work for an advertising company pursuant to the advertising company's contract with an exempt State agency. This appears to be a multi-service transaction between two servicemen. You indicated that the advertising agency could give you documentation that the work you were performing was to be resold to an exempt State agency. In order to effectuate this transaction, you must obtain documentation from the advertising company demonstrating that it was performing work for the exempt entity. In addition, you must obtain documentation that the work you performed for the advertising company is work that the advertising company has contracted to perform for the exempt entity. This being the case, the valid exemption number ("E" number) of the exempt State agency provided to you by the advertising agency flows through to you. You can accept such exemption number and make a tax free sale of service to the advertising agency.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis  
Associate Counsel

MAJ:msk  
Enc.